

at 630,000,000 liras for the Bank of Italy, 190,000,000 for the Bank of Naples, and 44,000,000 liras for the Bank of Sicily, making a total of 864,000,000 liras. If either bank, at the end of fourteen years from the date of the law, lacked a reserve corresponding to one-third of its circulation, the circulation was to be reduced within three months, and the amount of the reduction transferred to the banks which held or paid in the necessary reserve.¹ The banks are authorized to increase their circulation beyond the legal limits when their notes are entirely covered by legal coin or by gold bullion, and notes may be issued beyond the limit for the purpose of advances to the government.

The reserves of the banks, when on a specie basis, are fixed at forty per cent, of the circulation, including thirty-three per cent, in coin or bullion and the remainder in foreign bills of exchange approved by the Minister of the Treasury. The metallic reserve is required to consist of gold in the proportion of at least three-quarters. The law provided that bills then in circulation should cease to be a legal tender after December 31, 1897, and should no longer be redeemable after December 31, 1902. A permanent supervision over banks. of issue is established through a board consisting of the Minister of Agriculture, Industry and Commerce, and the Minister of the Treasury. A special inspection is to be made under the authority of these ministers every two years, and the results reported to Parliament within three months. The nomination of the director general of the Bank of Italy must be approved by the government. One of the provisions, of the law provided that if the deposits exceeded a certain figure, the bank must reduce its circulation by three-quarters of the deposits bearing interest in excess of the limit; but this provision was suspended by decree of January 23, 1894.*

The new banking law did not rescue Italy from the *regime* of depreciated currency and was probably not expected to do so. The government was reduced to subterfuges to in-

¹ Section 2, Law of August 10, 1893, *Bulletin de Statistique*, XXXIV.,.

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² *Bulletin de Statistique*, February, 1894, **XXXV.**, 207.